

OCA FILE

HPSCI
Rep Cheney

OCA 88-0551
24 February 1988

MEMORANDUM FOR: EPS/LG

FROM:

[Redacted]

House Affairs Branch, OCA

SUBJECT:

Representative Cheney's Request for
Information on Israeli/Soviet Relations

1. According to HPSCI Staffer, Tom Smeeton, Representative Dick Cheney (R. WY) has asked that we determine the accuracy of the information in the three enclosed articles, especially the paragraph I have put in yellow.

2. Please respond to this request as soon as possible.

[Redacted]

Enclosures

Distribution:

Orig. - Addressee

① - OCA Record

1 - RR Chrono

HA/OCA [Redacted] (24 Feb 88)

No Secrets Between Friends?

UPI Reporter Richard Sale says Israel is infested with moles.

By Jonathan Marshall

The *Washington Post* didn't run it. The *Washington Times* didn't either. Indeed, as few as nine newspapers around the country picked up a blockbuster story issued on December 13, 1987, by UPI: that some of America's most sensitive secrets have made their way to the Soviet Union via East bloc "moles" in the Israeli government. If verified, the account may trigger one of the greatest espionage scandals of the decade.

The story, by veteran military affairs and national security reporter Richard Sale, revealed that "U.S. counterintelligence agents became aware of the Israeli-Soviet espionage pipeline when data stolen by Jonathan Jay Pollard...were 'traced to the Eastern bloc,'" in the words of one Justice Department official. Sale's sources "said data reaching the Soviets via this route included sensitive U.S. arms technology and strategic information about the defense forces of Turkey, Pakistan and Arab countries including Saudi Arabia." One administration official said the evidence pointed to "highly placed agents in the top echelon of Mossad," Israel's foreign intelligence agency.

In a follow-up article of December 27, also ignored by Washington's papers, one of Sale's State Department contacts revealed that top Israeli defense officials had "traded stolen U.S. intelligence documents to Soviet military intelligence agents in return for assurances of greater emigration of Soviet Jews." "It began as a straight data-for-people deal," the source said, but the result was that "the Soviets penetrated the Israeli defense establishment at a high level."

Without actually denying it, "political sources" in Jerusalem tried to minimize the story by telling the Hebrew-language daily *Ha'aretz* that it was inspired by the "Arab lobby in the United States." But Sale insists he is "positive" about the reliability and knowledge of his sources.

For the United States, the damage could prove great given the special bonds between our national security apparatus and that of Israel, made all the stronger by a series of formal strategic accords and technology-sharing agreements since 1981. The fact that Pollard (and perhaps other agents unknown) stole material too sensitive even to trust to Israel makes the potential loss to the KGB even more severe.

The Soviet Union has long targeted Israel as an important intelligence prize, sometimes with spectacular success. Details are sparse on recent espionage cases, but several documented incidents from the '50s and early '60s show that Israel, like every other Western country, has succumbed to East bloc intelligence penetration.

In 1958, for example, Ze'ev Goldstein, a high Israeli foreign ministry official and Mos-

sad agent, was unmasked as a KGB agent and sent to prison. Kurt Sitte, a nuclear physicist at Haifa's Institute of Technology, worked as a Czech spy until he was sentenced in 1961 to five years in jail for espionage. The most embarrassing case of all was that of Israel Beer, Israel's Kim Philby. Beer was finally nailed as a KGB agent in 1962 after working as an aide to the chief of staff of the Israeli army, deputy chief of military intelligence agency Aman, and intelligence liaison officer to Defense Minister (and former Prime Minister) David Ben-Gurion. Beer was also sent to prison.

According to Sale, this most recent Soviet penetration occurred in the early '80s under Defense Minister Ariel Sharon. Sale cited reports of clandestine meetings between Soviet and Israeli officials in Cyprus, home of the KGB's base for Middle East operations. One U.S. intelligence analyst was quoted as saying he was not surprised that Soviets had succeeded in subverting the Israeli government because Sharon had "surrounded himself with people who are extraordinarily vulnerable to penetration."

One of Sharon's closest confidants is Rafael Eitan, the spymaster who ran Pollard. According to various published accounts, Eitan helped organize the kidnapping of Nazi war criminal Adolph Eichmann in 1960 from Argentina; later he rose to be deputy chief of Mossad operations. He served as Israel's leading counterterrorism adviser under Prime Minister Menachem Begin. In 1981 Begin also appointed Eitan head of Lekem, or Bureau for Scientific Liaison, a top-secret spy unit operating out of the Israeli defense ministry. Lekem's three most famous coups were the theft of plans for the French Mirage jet fighter engine in the late '60s, the apparent theft of fissionable nuclear materials and bomb triggers from the United States, and the wholesale penetration of the U.S. military through Jonathan Jay Pollard.

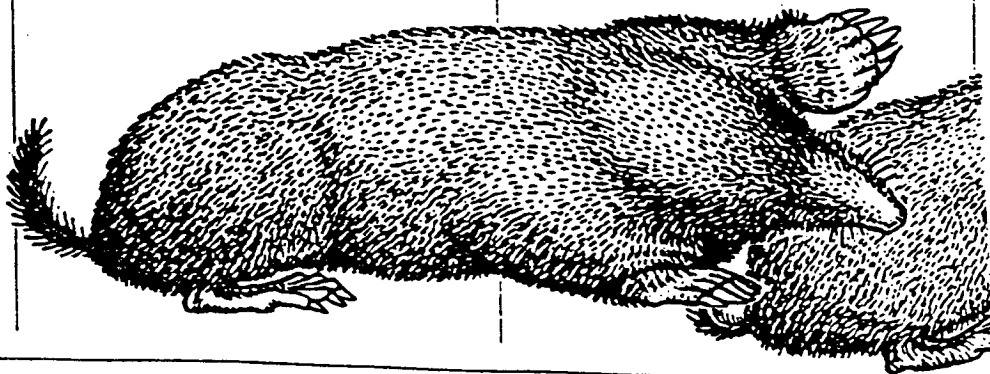
Just what could the Soviets have gleaned through access to Pollard's stolen secrets? Assigned in June 1984 to the Anti-Terrorist Alert Center of Naval Investigative Service's Threat Analysis Division, Pollard had Top Secret and Sensitive Compartmented In-

formation clearances. He enjoyed remarkable access to classified libraries, information repositories, and computer data banks. The only limit on his access, according to the Justice Department, was an informal "honor system" that he honored only in the breach.

Pollard was supposed to analyze terrorist threats in the Caribbean and continental United States, but his information requests ranged far afield. The information he stole reportedly pertained to Libyan air defenses (vital to Israel's bombing of PLO headquarters in Tunisia on October 1, 1985). Iraqi and Syrian chemical warfare facilities, Soviet arms shipments abroad, Pakistan's nuclear program, and foreign missile systems available for sale to Iran. His take included numerous top-secret reconnaissance satellite photographs.

Most intriguingly, according to a Justice Department memorandum, Pollard stole at the direction of Israel intelligence officers "three separate categories of daily message or cable traffic for approximately seventeen (17) months. One of these categories of messages, in particular, provides details about U.S. ship positions, aircraft stations, tactics and training operations." These intelligence targets could have been only of marginal interest to Israel, but of enormous value to the Soviet Union. Did KGB agents thus actually direct, and not merely profit indirectly from, Pollard's espionage?

Justice Department officials hinted as much in a January 1987 information brief to guide the court in sentencing Pollard (who received a life sentence): "A common technique used by foreign agents seeking U.S. classified information is the so-called 'false flag' approach. This technique refers to instances where the U.S. source is falsely persuaded that the foreign agent is acting on behalf of a friendly or allied country...." A footnote suggested just what foreign power might have misled Pollard into thinking he was serving Israel; it reminded the court that Jerry Whitworth, who turned over top-secret naval codes to Soviet agent John Walker, "contended that he believed the information was being delivered by a co-conspirator to Israel." The ominous possibility thus exists that the two most serious intelligence losses of the decade, the Pollard



Monday, Dec. 14, 1987 The Philadelphia Inquirer 13-B

Soviets reported in Israeli spy system

by Richard Sale
United Press International

WASHINGTON — Mossad, the Israeli intelligence agency, has been penetrated by "highly placed" Soviet moles and a full-scale counterintelligence investigation is under way, according to U.S. intelligence sources.

The sources described the Soviet infiltration as the most serious blow to Israeli intelligence since the 1970s and said U.S. intelligence also was breached as a result.

A Justice Department source said U.S. counterintelligence agents became aware of the Israeli-Soviet espionage pipeline when data stolen by Jonathan Jay Pollard, a Navy analyst convicted of spying for Israel, was "traced to the Eastern bloc."

Intelligence sources said data reaching the Soviets via this route included sensitive U.S. weapons technology and strategic information about the defense forces of Turkey, Pakistan and moderate Arab countries, including Saudi Arabia.

U.S. intelligence analysts said the Pollard information was traded to the Soviets in return for promises to increase immigration of Soviet Jews to Israel.

One analyst said "right-wing" Israelis were involved with spying for the Soviets. That analyst called it "ironic," but noted that left-wing elements were responsible for similar scandals in the past.

A senior U.S. official said morale in Mossad "had plummeted," but the official refused to comment on whether the breach had damaged U.S.-Israeli intelligence ties.

In Jerusalem, an Israeli government spokesman denied knowledge of the security breach. "I know nothing about all that," said Avi Pazner, spokesman for the prime minister's office. "It seems to be utter fantasy."

A State Department spokesman also declined comment, but an administration official said the Soviet penetration of Mossad was discussed at meetings on the Pollard case attended by counterintelligence specialists from the CIA, FBI and other agencies.

"One of the guys was commenting

that if Pollard had stolen stuff, at least it was going to a U.S. ally, but a CIA guy spoke up and said that if Mossad was involved it meant that copies of everything were going to [the KGB's] Moscow center," the source said.

Pollard began serving a life sentence early this year in what U.S. officials have called one of the worst intelligence disasters in U.S. history.

Asked to describe the Israeli moles, an administration intelligence source said: "They are highly placed agents in the top echelon of Mossad." The source also said the infiltration had occurred at "very significant levels."

Israel has launched a full-scale investigation into the Soviet infiltration, disguising it as "a probe into financial corruption" of some Mos-

sad agents, a U.S. administration source said.

The source emphasized that "counterintelligence investigations always begin with the painstaking study of financial vouchers." Inquiries aimed at determining whether an agent has received large, unexplained payments or lived an unusually high lifestyle. Another source said most double agents "are caught by the study of documents."

In the 1960s, Kurt Sittler, an Israeli nuclear physicist who worked with the U.S. Air Force, and Israel Beer, a top intelligence aide to Defense Minister David Ben-Gurion, were revealed as spies for Moscow.

In the 1970s, several left-wing sabras, or native-born Israelis, were accused of spying for the Soviets or their allies out of ideological sym-

thies. One of them, a former para trooper, spied for Syria.

U.S. intelligence analysts said the latest penetration by Soviet agents occurred in the early 1980s during the administration of Defense Minister Ariel Sharon.

The sources said they were aware of "reports" of meetings between Israeli and Soviet officials on Cyprus, a well-known base for Soviet espionage operations against Israel.

Administration officials confirmed that the island nation's capital, Nicosia, was an important KGB base and a meeting place for Soviet agents operating in Middle Eastern countries.

Mossad was founded in 1937 in Britain to handle large-scale illegal emigration of Jews from Europe to Palestine, which was under British control.

America Today

31 Dec '87

Prosecutors refuse immunity for Israel officials in Pollard case

Justice Department takes hard line; extends inquiry to other American suspects

By Richard Sale
UPI Staff Writer

WASHINGTON: United States prosecutors have refused to grant immunity to Israeli government officials involved in the politically explosive Pollard spy case and have expanded their inquiry to other American suspects, administration sources said.

The Justice Department's hard-line stance toward Israel stems from the Jerusalem's failure to fully cooperate with the ongoing investigation into one of the most damaging espionage scandals in years, said these officials, who requested anonymity.

Jonathan Jay Pollard, a US Navy analyst, was arrested in November 1985 charged with passing the Israelis sensitive data on US weapons systems, laser technology and photographs from American spy satellites. He later was found guilty and sentenced to life in prison.

United Press International reported recently that administration officials grew even more concerned because some of the data was later leaked to the Soviet KGB by moles in the Israeli intelligence agency, Mossad.

State Department sources said that Meir Rosenne, a former Israeli ambassador acting as an envoy, met in September with US officials and requested immunity from prosecution for three Israelis who directed Pollard's activities.

But Joseph DiGenova, the US attorney for the District of Columbia, and State Department officials rejected the request, the sources said.

Administration officials are adamant in their efforts to prosecute the entire spy network to the fullest extent possible.

Justice Department officials were particularly angered last year when Israel, a key US ally, backed down on a promise to cooperate with US investigators who flew to Tel Aviv.

An administration official also said, "We expect that we'll see additional suspects, and by that I mean US nationals."

Asked about the reported developments, spokesmen for the State Department and the Justice Department declined to comment.

A spokesman for the Israeli government could not immediately be reached for comment.

The Israeli government initially claimed it was not involved, but a federal grand jury last year indicted an Israeli officer, Colonel Aviem Sella, on conspiracy charges stemming from his alleged recruitment of Pollard in 1984.

After his indictment, Sella was promoted to a brigadier general of Israel's Air Force, but he later resigned because of the angry reaction in the United States.

In addition to Sella, Pollard also reported to Yosuf Yagur, former science officer at the Israeli consulate in New York, and Ilan Ravid, scientific attache at the Israeli embassy in Washington, these sources said.

A US intelligence source said Pollard's handlers were part of a long standing Israeli espionage group called *Lekem*. The source said that US counter-intelligence agents have been told the group had a "mandate" to penetrate classified US defence programmes and obtain classified technology, especially data relating to nuclear weapons.

The spy ring consists of scientific attaches or officials who report directly to the Israeli Defence Ministry, the analyst said.

The attaches were invariably used as spies and recruited and ran spies, he said.

Some administration officials and members of Congress have questioned whether the Justice Department has been aggressive enough in its handling of the matter and other recent spy cases.

An aide to Representative, John Conyers, said his House Judiciary subcommittee on criminal justice is considering holding "extensive oversight hearings" on how effectively US espionage laws are enforced and "whether there has been the exercise of political favoritism."

The staffer said revelations of Soviet penetration of Israel's Mossad and of reported Israeli attempts to use stolen US documents to knock out Pakistan's nuclear reactor have been major factors in keeping the Pollard case alive.

A State Department source said the Soviet espionage ring that penetrated Mossad included Israeli defence officials close to then Defence Minister, Ariel Sharon.

These officials, according to the source, traded stolen US intelligence documents to Soviet military intelligence agents in return for assurances of greater emigration of Soviet Jews.

"It began as a straight data-for-people deal," the source said, but the result was that "the Soviets penetrated the Israeli defence establishment as a high level."

The staffer for Conyers said the congressman had heard independent government reports that Israel "was trading information" to the Soviets and "we're interested since very important

national security questions are involved."

Other US intelligence analysts who have reviewed the data that Pollard stole said it included satellite photographs of sensitive installations of US allies such as Pakistan, Egypt and Saudi Arabia.

These intelligence analysts said Israel, seeking to prevent any Moslem nation from developing or obtaining nuclear weapons, approached India in June 1985 with satellite photos, obtained by Pollard, of Pakistan's secret nuclear weapons facility at Kahuta. They said the Israelis suggested mounting a joint air strike against the plant.

According to administration officials, India replied "by getting very haughty and saying that it ranked third after the two superpowers (in air power) and didn't need Israel's help."

Sella, who recruited Pollard, is a computer expert who planned and led the 1981 air raid that destroyed an Iraqi nuclear reactor, the officials said.

A State Department official indicated that if Israel attempted such an attack, the United States would warn Pakistan of the threat. The official added that Kahuta "is a well-defended site."

Other data that Pollard stole included a "large Defence Intelligence Agency handbook" nicknamed "The Bible", which contained strategies the US Navy would use if it found itself under attack by Israel or other foreign countries, sources said.

One Justice Department source cited a report that described Pollard's former supervisor at the Office of Naval Intelligence as "visibly shaken and upset" when discussing loss of the document.

All told, the satellite photos, classified assessments and other data stolen by Pollard comprise a mass that is "six feet long, four feet wide and three feet deep," one analyst said.

An administration official complained in an interview that US officials are certain the Israeli espionage is continuing.

"Mossad is the most active foreign intelligence service on US soil," even more active and successful than the KGB, this source said.

The Justice Department source said there were 42 cases of Israeli espionage in a 15-year period ending in 1969.

Past Israeli espionage efforts in the United States are described in a secret CIA summary, on file at the Brookings Institute, a Washington think-tank, entitled "Israel: Foreign Intelligence and Security Services".